

Message Text

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ACTION EB-07

INFO OCT-01 AF-08 ARA-06 EUR-12 EA-07 NEA-10 ISO-00 FEA-01

ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00

FPC-01 H-01 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01

PM-04 USIA-06 OES-06 SP-02 SS-15 STR-04 TRSE-00

ACDA-07 /131 W

-----150533Z 049445 /11

R 142120Z JAN 77

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 6251

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY DOHA

AMEMBASSY GUATEMALA

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LIBREVILLE

AMEMBASSY LONDON

AMEMBASSY MANAGUA

AMEMBASSY MANAMA

AMEMBASSY MUSCAT

AMEMBASSY PANAMA

AMBASSY QUITO 1970

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

AMEMBASSY SANTO DOMINGO

AMEMBASSY TEGUCIGALPA

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

AMEMBASSY VIENNA

AMCONSUL DHAHRAN

USINT BAGHDAD

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E.O. 11652: N/A

TAGS: ENRG, EFIN, OPEN, VE

SUBJECT: OPEC ASSISTANCE TO OFFSET INCREASE IN PRICE
OF LDC OIL IMPORTS.

REF: SAN JOSE 167 (NOTAL)

1. SUMMARY - VENEZUELA PLANS TO PROPOSE THAT THE OPEC SPECIAL FUND OFFSET THE INCREASED PRICE OF LDC OIL IMPORTS THROUGH GRANTE AND LONG-TERM, INTEREST-FREE LOANS. IMPLEMENTING THIS PROPOSAL WILL REQUIRE POLITICAL COURAGE IN VIEW OF INCREASING DOMESTIC CRITICISM OF PRESIDENT PEREE FOR PROVIDING FINANCIAL ASSISTANCE ABROAD AT A TIME WHEN SURPLUS REVENUES ARE DISAPPEARING. END SUMMARY.

2. ON JANUARY 12 JULIO GIL, DEPUTY TO MINISTER OF STATE MANUAL PEREZ GUERRERO, INFORMED EMBOFF OF GOV VIEWS ON IMPLEMENTATION OF OPEC DECISION TO AMELIORATE IMPACT OF PETROLEUM PRICE INCREASE FOR LDC CONSUMERS. GIL SAID OPEC SPECIAL FUND WILL BE RESPONSIBLE AGENCY, WITH DECISION ON DETAILS TO BE MADE AT MEETING OF OPEC FINANCE MINISTERS IN EARLY FEBRUARY. IN THE INTERIM, ACCORDING TO GIL, VENEZUELA WILL OFFSET THE EFFECT OF THE PRICE INCREASE THROUGH BILATERAL ARRANGEMENTS WITH LDC CUSTOMERS, BUT HE DID NOT PROVIDE DETAILS.

3. GIL SAID VENEZUELA WILL HAVE TO PROVIDE ABOUT \$160 MILLION OF THE \$ ONE BILLION SPECIAL FUND INCREMENT, COMPARED TO \$116 MILLION OF THE \$800 MILLION INITIAL CONTRIBUTION TO THE FUND. (GIL LIMITED OFFICIAL USE

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USED A FIGURE OF \$ ONE BILLION FOR THE INCREMENT, RATHER THAN THE \$800 MILLION FIGURE REPORTED FROM OTHER SOURCES.) THE INCREASE IS DUE IN PART TO THE FACT THAT ONLY ELEVEN OPEC MEMBERS WILL BE PARTICIPATING IN THE NEW ARRANGEMENT. ACCORDING TO GIL THE GOV FAVORS GRANTS OR HIGHLY CONCESSIONAL LENDING TO OFFSET THE FULL IMPACT OF THE PRICE INCREASE. FOR INSTANCE, OUTRIGHT GRANTS MIGHT BE MADE TO MOST SERIOUSLY AFFECTED COUNTRIES (MSA'S), LAND-LOCKED COUNTRIES, AND OTHER SPECIAL CASES, AND LOANS WITHOUT INTEREST TO OTHER LDCS. THE LOANS MIGHT BE FOR A TERM OF 20 - 25 YEARS WITH A 5 - 7 YEAR GRACE PERIOD (WITH A GRANT ELEMENT OF 70 PERCENT). THE STATISTICAL BASE FOR DISBURSEMENTS TO THE VARIOUS RECIPIENTS MIGHT HAVE TO BE PETROLEUM IMPORTS IN 1974 BECAUSE OF A LACK OF MORE RECENT RELIABLE DATA.

4. FINANCE MINISTER HECTOR HURTADO IS EXPECTING TO REPRESENT VENEZUELA AT THE OPEC MEETING, BUT GIL SAID PEREZ GUERRERO MAY ALSO ATTEND IF HIS CIEC RESPONSIBILITIES DO NOT INTERFERE. THE EMBASSY LEARNED LATER THAT TWO VENEZUELAN OFFICIALS - JAVIER PAZOS, ASSISTANT TO HURTADO, AND FRANCISCO GARCIA PALACIOS, REPRESENTING PEREZ GUERRERO, WILL BE TRAVELING TO VIENNA SHORTLY FOR DISCUSSIONS WITH OPEC SPECIAL FUND OFFICIALS.

5. COMMENT- PRESIDENT CARLOS ANDRES PEREZ IS FACING INCREASING DOMESTIC CRITICISM FOR PROVIDING FINANCIAL ASSISTANCE ABROAD AT A TIME WHEN VENEZUELA'S SURPLUS REVENUES ARE DISAPPEARING. DESPITE THIS, PEREZ LIMITED OFFICIAL USE

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APPARENTLY BELIEVES THAT GENEROUS OPEC ASSISTANCE TO LDC OIL IMPORTERS IS IMPERATIVE IN ORDER TO COUNTER CRITICISM OF THE OPEC PRICE INCREASE AND IN ORDER TO MAINTAIN VENEZUELA'S IMAGE AS A LEADER IN THE LDC CRUSADE FOR THE NIEO. PEREZ SHOULD BE GIVEN DUE CREDIT FOR POLITICAL COURAGE IF HIS VIEWS PREVAIL.
VAKY

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, LESS DEVELOPED COUNTRIES, ECONOMIC ASSISTANCE, PRICES
Control Number: n/a
Copy: SINGLE
Sent Date: 14-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Executive Order: N/A
Errors: N/A
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